

OF RANKINGS, TIERS, COMMITTEES, & OTHER NCAA TOURNAMENT-ESQUE, ECONOMIC DEVELOPMENT TERMS

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Rankings and Tiers

- ▣ The Department of Commerce annually ranks counties by average rate of unemployment (12 months), median household income (12 months), percentage growth in population (36 months), adjusted assessed property value per capita (most recent taxable year)
- ▣ 40 highest/most economically distressed counties are tier 1 (T1), next 40 most economically distressed counties are tier 2 (T2), the remaining 20 counties are tier 3 (T3), unless there is an adjustment factor

Adjustment Factors

- ▣ Counties with a population of less than 12,000 are automatically T1
- ▣ Counties with a population of less than 50,000 are automatically T1 or T2
- ▣ Counties with a population less than 50,000 with more than 19% of population below federal poverty level are automatically T1
- ▣ Counties designated T1 remain T1 regardless of rankings until it has been a T1 area for at least 2 consecutive years
- ▣ Industrial park exceptions

Economic Development Programs/Entities Utilizing Rankings/Tiers

- ▣ One NC Fund (Part 2H, Art. 10, Chapter 143B)
 - Local match requirement: tier linked (\$3 State: \$1 Local for T1; \$2 State: \$1 Local for T2; even match for T3)
- ▣ JDIG (Part 2G, Art. 10, Chapter 143B)
 - Job creation minimum: tier linked (10 for T1, 20 for T2, 50 for T3)
 - Max award calculation: tier linked (80% of withholdings created for T1; 75% for T2, 3)
 - UA diversion amount: tier linked (25% for T3, 15% for T2)

Economic Development Programs/Entities Utilizing Rankings/Tiers

- ▣ Utility Account (143B-437.01)
 - Eligibility: tier-linked (limited to T1,2)
 - Local match requirements: rankings linked (no local match for 25 most distressed counties)
- ▣ Community Development Block Grants (G.S. 143B-437.04)
 - Local match requirements: rankings linked (no local match for 25 most distressed counties, accounting for adjustment factors)

Economic Development Programs/Entities Utilizing Rankings/Tiers

- ▣ Main Street Solutions (G.S. 143B-472.35)
 - Qualifying determinations: tier linked
- ▣ Building Reuse and Economic Infrastructure (REDD) (G.S. 143B-472.127)
 - Priority and qualifying determinations: rankings linked (priority given to 80 most economically distressed counties; qualifying limited in T3 areas)
- ▣ JMAC

Economic Development Programs/Entities Utilizing Rankings/Tiers

- ▣ Department of Commerce
 - Reporting requirements: tier linked (report must itemize awards, among other things, by tier ranking)
- ▣ EDPNC (P3) statute (G.S. 143B-431.01)
 - Governing board representation: tier-linked (25% of legislative appointees from T1; 25% from T2)
 - Use of raised funds: tier-linked (25% of raised funds for benefit of T1,2)

Options

- ▣ Make no changes to the rankings/tiers
- ▣ Address certain recommended items:
 - Consensus items only and/or
 - Choose/reject divergent recommendations
- ▣ Make changes other than those recommended
- ▣ Study items on which consensus has not yet been reached or other items

Maintain Rankings & Tiers

- ▣ Retain 4 factors used to calculate rankings (unemployment rate, median household income, percentage growth in population, adjusted assessed property value per capita)
- ▣ Retain adjustment factors
- ▣ Retain 3 tiers and the legislative program criteria tying into them
- ▣ Considerations:
 - Do the 4 current factors accurately serve a function in measuring economic distress and identifying the counties actually distressed?
 - ▣ If not, the rankings/tiers should be modified.
 - ▣ If so, then...
 - Are the dollars being allocated/directed to the counties in a way that comports with legislative policy?
 - ▣ If not, statutory changes to program criteria (not rankings and tiers) is appropriate
 - ▣ If so, no change is needed

Legislation: Consensus Items

Introduce legislation directed towards items on which consensus was reached:

- Eliminate population-based adjustment factors
- Eliminate population/poverty adjustment factor
- Eliminate adjustment resulting from minimum period for T1 status
- Eliminate industrial parks adjustments

	PED Report	Commerce/ PED	Commerce (EDGE) Proposal	Other Notes:
Ranking Factors	Study	3 or 4 factors: Replace population growth and assessed property value factors with average annual wage (information submitted to PED for PED study) and educational attainment (proposed legislation)	4 factors: Replace population growth and assessed property value factors with average annual wage & educational attainment	ARC: 3 factors: Replace population growth and assessed property value factors with poverty rate Rankings: Commerce - county level PED - sub-county level
Tiers	Study; eliminate by 7/1/18	Eliminate (departmental autonomy)	Eliminate (statutory modifications)	
Index	Opposed	Requested	Requested	
Commission	Yes – Legislative Co-chairs	Yes – Commerce Secretary chair	No	

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▣ Questions:

